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TRADE AND INVESTMENT DEVELOPMENT PROJECT

Final Report

**HAITI: Strengthening the
Investment Climate - The
Provision of Information
and Support Services**

SUBMITTED TO
USAID/Haiti and
the Presidential Commission
for Economic Growth and
Modernization

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TABLE OF CONTENTS

1.0 Executive Summary	1
2.0 Introduction	3
2.1 Study Timing and Context	3
2.2 Study Purpose	3
2.3 Methodology	3
3.0 Definition of Terms	4
3.1 Terminology	4
3.1.1 Promotion	4
3.1.2 Facilitation	5
3.2 Profiles of Select Organizations in Latin America	6
3.3 Effective Services and Service Mix	8
4.0 The Current Situation	9
4.1 Haiti's Experience with Investment/Export Promotion and Facilitation	9
4.1.1 The National Office for Investment Promotion (ONAPI)	9
4.1.2 The Center for the Promotion of Investment and Exports (PROMINEX)	10
4.1.3 The One Stop Shop	11
4.2 The Private Sector's Response	11
4.2.1 The Needs of Private Firms in Haiti	12
4.2.2 The Capacity of Business Associations and Other Private Organizations in Haiti	12
4.3 Conclusions	13
5.0 Establishing a New Facilitation and Promotion Center in Haiti	15
5.1 Organizational Type	15
5.2 Organizational Structure	16
5.3 Service Array	18
5.3.1 Policy and Regulatory Change	19
5.3.2 Promotion	19
5.3.3 Facilitation	20
5.4 Staffing	20
5.5 Financing	21
6.0 Measures for Ensuring Success	22
Appendix	
A. Profiles of Select Private Organizations	A-1

1.0 EXECUTIVE SUMMARY

This study of business information and support services is one of a series on the investment and business climate of Haiti completed during 1995 for USAID and the Presidential Commission for Economic Growth and Modernization. This study was conducted as part of USAID's Latin America/Caribbean Trade and Investment Development Project, whose goal is to foster economic integration in the Western Hemisphere and to promote an open trade and investment environment through support of macroeconomic reforms and other initiatives.

This study was conducted by a single person over three weeks in September 1995. It reviews the status of business information and support services in Haiti, as well as institutional arrangements used to promote foreign investment and trade in the past. It then recommends an optimal organizational structure and strategy for accelerating the growth of exports and investments in the future. It is hoped that this study will act as a catalyst for discussion amongst the government, private sector, and donor community regarding the need for a new facilitation and promotion organization in Haiti, and lead to the development of appropriate financing mechanisms.

The new organization, as presented in this study, would have three thrusts:

- develop and disseminate timely, accurate information on business conditions and opportunities in Haiti;
- keep decision-makers focused on the policy and regulatory changes needed to improve the business climate in Haiti, and
- facilitate investments in and exports for Haiti.

Promotion in Haiti would thus essentially begin with facilitation and ancillary services to overcome the country's poor reputation for having an intractable bureaucracy. Over time, as true policy and regulatory reform occurs, the new organization would engage in increasingly pro-active promotion.

The new organization should be quasi-governmental, adequately linked to the Government to handle facilitation properly, as well as autonomous, to encourage private sector efficiencies with respect to promotion and general output. The new organization would report to the office of the Prime Minister, a government entity capable of surmounting conflicting interests or agendas of ministries and other government agencies regarding promotion and facilitation issues.

The new organization would be small, with a simple organizational structure consisting of a front desk, a pool of investment/export counselors, and an information/documentation preparation center. An investor's one stop shop, housing representatives from all agencies with which investors have to deal, could be incorporated into the new organization as the volume of investments increases. A customs one-stop shop should be established immediately. The executive director would be charged with the overall management of the new organization, as well as liaising with government and private entities to undertake meaningful policy advocacy. Staff for the new organization would be hired through a competitive process. Preference would be given to individuals from the private sector to transfer the skills requisite for efficient operations.

Services would focus on policy and regulatory change (that is, policy advocacy with the executive and legislative branches of the Government on all relevant trade and investment issues), promotion (essentially information generation and dissemination) and facilitation (primarily site visit support, government contacts, and assistance with applications, permits and licenses). Fees would be charged for select services, but financial support from Government of Haiti, private groups and donors would be required to cover the funding gap. Government support would be channeled towards defraying the cost of personnel, office space, utilities, and other routine office expense. Donor support would be needed for equipment

--2--

procurement, the development of specific outreach efforts (like the placement of articles in overseas journals) and the like.

2

2.0 INTRODUCTION

2.1 Study Timing and Context

This study is one of a series on Haiti's investment and business climate completed during 1995 for USAID and the Presidential Commission for Economic Growth and Modernization. Other studies in the series include:

- an analysis of Haiti's legal and regulatory framework for trade and investment,
- a survey of export-oriented industries,
- a comparative study of port charges,
- revisions to the commercial code,
- a study of the potential for further regional commercial integration, and
- a study of the potential for increased trade between Haiti and the Dominican Republic.

All of these works have a bearing on this study and should be consulted in tandem with reading this report. These works, particularly the first, discuss the constraints affecting the growth of foreign investments and trade in Haiti and outline strategies and measures for dealing with these barriers. As such, they provide the background for this study. No attempt will be made within this study to systematically cover the problems in Haiti's laws, regulations, port charges, utility costs, banking system affecting the country's business climate, and, consequentially, the country's ability to attract investors and promote trade. The study will concentrate on the institutional framework for assisting the business community, and suggest ways of channeling resources for effective support to traders and investors.

2.2 Study Purpose

The purpose of this study is to review the current institutional structure within Haiti for attracting and promoting foreign investment and international trade, and recommend ways of enhancing it, with particular emphasis on the timely collection and dissemination of business information and support services for prospective traders and investors. The focal point of this study is not the needs of the private sector as a whole, but, rather those businessmen--both foreign and domestic--that are interested in investing in Haiti or selling to overseas markets. The critical issue addressed by this study is how investments and exports can be encouraged, in the sense of facilitation and promotion, and how a unit can be structured to handle this function. It is hoped that this study will act as a catalyst for discussion amongst the government, private sector, and donor community for the need for a facilitation and promotion unit, and lead to the development of financing mechanisms.

2.3 Methodology

The study was conducted by a single person over a three week period in September 1995. Two weeks were devoted to meetings and discussions with staff of Haitian private sector organizations, Haitian businessmen, and Government officials. In all, 20 interviews were completed with representatives from the Ministries of Commerce and Industry and of Finance and Economy, the Presidential Commission, business associations, chambers of commerce, as well as businessmen involved in light manufacturing, agribusiness, and hotel management. One week was devoted to synthesis and report writing.

3.0 DEFINITION OF TERMS

An important finding of the consultant was the confusion in Haiti surrounding the concepts of promotion and facilitation with respect to investments and exports. This chapter defines the terminology used by practitioners world wide and describes the genesis and operations of promotion and facilitation units in select Latin American countries. The chapter also describes the mix of promotion and facilitation services found to be the most useful by investors and exporters.

3.1 Terminology

3.1.1 Promotion

Promotion principally consists of two very distinct activities that can be undertaken separately or together.

The first activity is the provision of timely, accurate information. Such information can be conveyed in a variety of mediums (e.g., brochures, videos, articles, or question and answer) and cover a variety of topics (e.g., country, market, or sector data, or "public awareness" information, or motivational information such as how to start establish a joint venture or an export business). Information can also be presented in any degree of detail, or can be standardized for all firms or the general public or tailored to meet the needs of specific firms or specific private groups. The final selection of formats, modes and mediums for conveying information is ultimately a function of cost and intent. Eye-catching marketing materials and customized information tend to be the most expensive.

The second activity is making contact with private firms for a specific or more general purpose (e.g., site visits). Contacts can be either passive (e.g., question and answer mode) or active (e.g., cold calling or direct marketing). Directories, referrals, trade shows, trade missions, and advertising are tools that support the process of initiating and securing contacts with private firms.

In the area of investments, promotion can be followed-up by a series of business support services, designed to sustain the interest of investors in a particular country. Such services include feasibility studies, match-making, mentoring, locating financing, monitoring international markets, and advising on quality control standards and price quotation preparation. Some of these services can be standardized for a single industry or sector, which lower their development costs.

In the area of exports, promotion can be tied to technical assistance in production/processing, marketing, management, or training. This type of assistance is usually customized for individual firms and is very expensive per firm served. It seeks to expand the base of suitable exports by adapting existing products or developing new non-traditional ones responsive to the demands of overseas markets. Product development is usually coupled with assistance in export packaging, overcoming logistical problems, and the like. These types of assistance tend to be accessed or demanded mostly by agricultural concerns and hardly ever by manufacturing concerns.

In general, a continuum exists in promotion, especially with respect to investments. On one end of the spectrum is general promotion or image building for entire countries. In essence, such promotion seeks to put countries on investors' maps of alternative investment sites by either negating negative images or developing images for countries without any. On the other end of the spectrum is proactive, aggressive

marketing, generally targeted towards a sector for which the country is viewed as having a competitive edge. Promotion tends to move from the general--advertising and distribution of literature on a country--to specific--tailored marketing directed to a sector or subset of firms.

The organizational arrangements for promotion tend to fall into three categories: government, quasi-government and private. The more successful forms are quasi-government and private units since both allow flexibility in promotional quality, content and delivery and permit promotion to be provided along private-sector lines. In this arena, staying abreast with and responding to changing market conditions is the key. The actual structure and service array of promotion units vary tremendously:

- Quasi-government investment promotion units tend to provide standardized information and services.
- Private investment promotion units tend to offer customized information and services.
- Quasi-government and membership-based private export promotion units tend to extend standardized information and services.
- Non-membership private export promotion units tend to offer customized information and services.

3.1.2 Facilitation

Facilitation consists of streamlining the bureaucratic steps faced by investors and exporters. It generally occurs in one of two forms: either direct assistance to businessmen with the procedures or paperwork related to investments or exports, or centralized processing of such paperwork.

The institutional arrangements for facilitating investments and exports range from single autonomous organizations to diffuse structures made up of service offices within all ministries concerned with investments and exports. However, the poor performance of the diffused structures, has led to the development and proliferation of centralized service centers called "one stop shops". Businessmen prefer dealing with one organization to obtain all the approvals, permits, and licenses for conducting business.

In theory, one stop shops should be responsible for both the decision-making and administration of approvals for investments and exports. But since decision-making, especially related to investments, can involve the input of several ministries, one stop shops tend to cover the administrative aspects of the process, leaving the decision-making to the concerned ministries or a single body of interested parties.¹ The latter approach tends to be the most common and, certainly, allows for greater efficiency and reduced delays in approving or rejecting applications. The link between administration and decision-making is improved when a representative of the one stop shop participates in the deliberations of the decision-making body.

In practice, therefore, one stop shops administer the paperwork related to either investment or import/export approvals, as well as assist with obtaining the permits and licenses required to implement investments or undertaken exports once approved.

¹ The first approach is known as the decentralized approach in which ministries sequentially review applications and decide upon subjects/issues falling under their jurisdiction. The second is the coordinated approach in which a board, committee, or council is formed of government representatives with sufficient authority and knowledge to screen good projects from bad and grant incentives.

Other types of assistance sometimes added to one stop shops are government contacts, support for site visits, customs assistance, post-investment trouble-shooting, and referrals to private businesses providing quality legal, accounting, recruitment and credit services. These services are facilitative and natural tie-ins with one stop shop operations but they should not be confused with the essential purpose of one stop shops--the centralized processing, and hence, streamlining, of the paperwork related to investments and exports.

Facilitation is the lynch-pin in the generation of investments and exports. Facilitation services convert the interest of investors into actual investments and ensure investor satisfaction with the business climate well into the implementation stage. As such, facilitation plays perhaps an even more important role than promotion in attracting large amounts of investments and exports. A satisfied investor or exporter becomes the best advertisement a country can offer to prospective investors and exporters. The primary concerns of these businessmen are the speed, predictability and transparency of the approval process and the subsequent issuance of permits, licenses and other paperwork.

To ensure the business climate generates investor and importer/exporter satisfaction and consistency between the laws and their application to individual transactions, facilitation must be supported by continued policy reform. Policy reform addresses those facets of the national legal and/or regulatory framework that constrain trade and business growth, like for example transport rates, bureaucratic delays, levels of fiscal incentives, and exchange rates. Advocacy for policy reform may be carried out by a variety of public and private groups, including autonomous government entities and private business associations, and it is often tied to the mandate of export/investment promotion and facilitation organizations.

3.2 Profiles of Select Organizations in Latin America

The profiles provided below are intended to illustrate the diverse organizational structures and services provided by promotion organizations in Latin America, and sometimes in a given country. Many of these organizations are private, which effectively preclude them from being one stop shops responsible for the processing of paperwork related to approvals, licenses, permits and the like. However, some of the private organizations address other aspects of facilitation by providing government contacts, customs assistance, and post investment trouble shooting. Private organizations are generally unable to offer effective services to a broad range of investors and exporters without support from outside sponsors, whether donor, corporate or other. Donor support has the short-coming of being phased. Corporations and governments are often in a better position to provide endowments whose income stream can finance special activities over the long-term.

ProChile is the central export promotion agency in Chile. It was established as a public unit in 1977, and operates out of the Ministry of Foreign Affairs. It maintains close ties with the private sector through a series of committees representing various sectors, and has an annual budget of approximately 5 million dollars, largely devoted to overseas marketing. Prochile has approximately 28 overseas offices on five continents. The fruit industry, particularly the grape, is an example of a product that benefited from ProChile's promotion.

Fundacion Chile is a private foundation in Chile, started with a \$50 million endowment from ITT and the Government of Chile. It seeks to promote agribusiness exports through technology enhancements, both transferred and developed locally. The foundation provides technical assistance, training and funding and operates new firms, privatizing them as they mature. Because of this last feature, the foundation also

works closely with investors oriented towards export market. Its annual budget averages \$5 million.

The Investment Promotion Council (IPC) was a private investment promotion institution in the Dominican Republic that operated between 1986-87 to 1992-93, largely with the financial support of an international donor. Its major services took advantage of the positive image the Dominican Republic had in the international investment arena² and concentrated on in-country consultations and site visit support. Its main output was securing production contracts for apparel, electronics and footwear industries. Promotion took the form of information dissemination, advertisements in trade journals, attendance at trade fairs and one overseas representative who responded to requests for information. Facilitation took the form of government contacts, limited customs assistance, and limited post investment troubleshooting.

The Costa Rican Coalition of Development Initiatives (CINDE) is a private promotion institution in Costa Rica started in 1982 with donor funding. In the investment arena, CINDE's initial task was to create an image for Costa Rica as an attractive investment site, which, while useful, did not attract much investment to the country. In the mid-1980s, CINDE turned to actively generating investments. It developed a network of overseas representatives responsible for aggressive selling to targeted firms in the United States, Europe and Asia, and complemented this overseas presence with the establishment in Costa Rica of a series of separate units specialized in technical assistance, market information, and deal-making for locally-based businesses. In 1987, CINDE signed a two-year agreement with the Ministry of Foreign Affairs to permit greater government involvement in overseas promotion, but this agreement did not address fully facilitation services for investors, a bridge CINDE was never able to gap owing to a lack of access to government departments involved in approving permits, licenses and other papers. With respect to agricultural exports, CINDE focused in the 1980s and early 1990s on a range of products for which it provided overseas marketing services, primarily through an office in Miami, and targeted technical assistance to farmers. In 1993, CINDE had to downsize its operations owing to the withdrawal of financial support of the donor. However, the presence of an endowment set up by the donor, coupled with fee income, permitted CINDE's survival on a reduced scale with fewer representatives and technical services.

The Center for Export and Investment promotion (CENPRO) in Costa Rica is a government agency that services both local firms and foreign investors. Its services are strictly promotional (e.g., country and sector/product-specific printed information, trade shows, publication of a directory of Costa Rican exporters) and facilitation (e.g., one stop shop, assistance with paperwork related to incentives and the like, and government contracts). At times, CENPRO obtains funding from donors for specific activities.

The Guild of Exporters of Non-traditional Products (GEXPRONT) in Guatemala is a private, membership association, established in 1982 with the aim of promoting agricultural and industrial exports. Up to 1990, GEXPRONT provided product, marketing and custom support services exclusively to local exporters, and also engaged in policy reform—essentially lobbying for more favorable policies and better infrastructure. In the 1990s, GEXPRONT expanded its outreach and started to work with foreign buyers and investors and actively engaged in deal-making. Towards this end, it subcontracted market studies of specific products in the U.S. and organized site visits for U.S. buyers to Guatemala. GEXPRONT's operational strength comes from its highly active membership. Over half participates in sector and product commissions that meet weekly and act as a forum for exchanging information, discussing common problems, and determining new activities.

² Privately-owned free trade zones were actively involved in self promotion.

3.3 Effective Services and Service Mix

Despite the array of organizations involved in promotion and facilitation, time has shown that certain services are more effective than others.

Studies have analyzed the impact of services on the performance of firms by country and across regions and have concluded that local exporters and foreign investors differ in service needs and service use. Local firms are interested in learning about foreign markets and buyer contacts, favor overseas representation and trade shows, and will use technical assistance. Of these three services, assistance with buyer contacts is the most important, though local firms will also identify buyers through personal contacts. Once found, moreover, buyers can be the source of information on market requirements and opportunities, as well as additional assistance for improving production, developing samples, and the like. Foreign firms find in-country information, site visit support, and assistance with government approvals and paperwork to be most useful.

Both local and foreign firms agree, however, that government support is extremely helpful in the form of information during the initial fact-finding stages prior to making a decision, and in terms of facilitation during the subsequent decision-implementation stages. Overall, information is consistently ranked as the most valuable service. The importance of facilitation wanes in the presence of open economics, with liberal investment and export policies, and consistent application of these policies.

Contrary to what one might expect, standardized services, particularly in the areas of information and private contacts, appear to be highly correlated with export and investment performance. The reasons for this are three-fold. First, standardized services can be provided to a greater number of firms for the same total cost. Second, standardized services are viewed as building blocks by firms, which then use what they need to move pro-actively into new markets. Third, standardized services can be high quality since their research and development costs are concentrated on a few topics.

6

4.0 THE CURRENT SITUATION

This chapter summarizes the findings of the consultant in Haiti with respect to investment/export promotion and facilitation and the capacity of existing organizations to provide need services in these areas. The chapter focuses mostly on the institutional landscape in Haiti and does not attempt to provide a comprehensive review of the local business climate or list all the impediments constraining investments and exports. For such analyses, the reader should refer to the studies listed in this study's introduction. The conclusions and recommendations of the other studies, particularly the first, were taken into account by the consultant while in the field.

4.1 Haiti's Experience with Investment/Export Promotion and Facilitation

There have been at least three attempts to create organizations responsive to the needs to investors and/or exporters in Haiti. The earliest dates the late 1970s; the most recent is on-going. None of these organizations were or are likely to be entirely successful because of unclear or overly broad mandates, and poorly defined linkages with the Haitian public and private sectors.

4.1.1 The National Office for Investment Promotion (ONAPI)

ONAPI was a government agency established in the late 1970s to encourage industrial development in Haiti through investment promotion and support services to investors and to local firms interested in joint ventures with foreign companies. Investment promotion largely concentrated on generating local awareness of the merits of industrial development, building an international image for the country as an investment site, and answering the questions of potential investors. Promotion was conducted both in Haiti and overseas through a network of support desks based in New York (at UNIDO), Paris (at ONUDI), Miami (at the Haitian International Business Center) and Brussels (at the Haitian Mission to the European Community). Questions ONAPI was prepared to answer included:

- the availability of lease space in industrial parks
- labor costs
- procedures for recruiting new employees
- transport and freight forwarding rates
- telecommunication facilities and costs
- nature of paperwork and procedures for approvals, permits, licenses.

Support services consisted of assistance with site visits, government contacts, referrals, and some product development and marketing assistance to local firms. Overall, ONAPI's services were largely facilitative.

ONAPI had a clear organizational structure and too broad a mandate. ONAPI had three divisions, each with extensive responsibilities:

- implementation assistance, which handled the services and information requirements of foreign investors;
- industrial cooperation, which worked with local businessmen on firm expansion and new business development issues, and
- public relations, which produced promotional information and handled the media and the public awareness campaign.

ONAPI was very successful as an information clearing house, perhaps best evidenced by strong ties it forged with local public and private concerns, as well as the information guide produced in 1982. The guide provides concise but clear information about the country, its investment policies, incentives, guarantees, business climate and investment procedures. Most importantly, it furnishes clear guidelines about the procedures, paperwork, cost, and time for starting a business and obtaining incentives in Haiti. Subsequent guides by other organizations have not been as clear or focused.

ONAPI was less successful in providing services, in part because its service delivery was passive; and in part because it was mandated to respond to the needs of a broad range of investors and local businesses. In essence, ONAPI tried to be "all things to all people". ONAPI's efforts ended up being dispersed and diffused. ONAPI was subsumed into the Ministry of Finance and Economy in 1983.

4.1.2 The Center for the Promotion of Investments and Exports (PROMINEX)

PROMINEX was created in 1986 as an autonomous government entity responsible for investment and export promotion. PROMINEX reported to the Ministry of Commerce and Industry, was privately managed, and funded by an international donor.

PROMINEX's mandate had two thrusts. First and foremost, PROMINEX was to implement the investment and export promotion policies set by the Ministry of Commerce and Industry. Second, PROMINEX was to centralize information collection and dissemination and liaise between the public and private sectors. PROMINEX was to be the welcome desk, the first stop investors and exporters made in-country. In-country services were to be complemented with outreach that included general image building and, more importantly, targeted marketing. These functions were spread across three departments:

- information and communications, acting as the information clearinghouse, responsible for printed information, customized responses to specific inquiries, market studies, investment opportunity profiles and databases of indicators
- export and investment services, handling site visits, government contacts, buyer/export contacts, and referrals
- promotion, responsible for public relations, promotional materials, mailings, trade shows, overseas missions, and targeted marketing

PROMINEX activities were promotional and facilitative without touching upon policy reform or one-stop functions. PROMINEX staff was prepared to guide investors and exporters through the steps and stops required for obtaining the necessary paperwork. Because of its ties to one ministry, PROMINEX could not embark on wholesale reform of the system.

PROMINEX impact was different than anticipated. Users of its services found them to be biased towards export-oriented assembly and not particularly effective in dealing with "bureaucratic red tape."

To a great extent, PROMINEX effectiveness was handicapped by its structure and operating environment. Correctly perceived as an extension of one arm of the Government, PROMINEX was unable to liaise properly with associations and other entities. PROMINEX was viewed as "just another player in a crowded field" and was unable to draw support from the constituencies of private groups. Hindered by the difficult macroeconomic and political conditions of Haiti, PROMINEX was unable to generate investor

interest in the country. Caught between the needs of the country as a whole and the expectations of one Ministry, PROMINEX was unable to design and implement a promotion and facilitation strategy that satisfied a broad group in either the public or private sectors. PROMINEX ultimately settled for sourcing export contracts for existing manufacturing concerns, participating in overseas trade shows, and answering the questions of businessmen. It also produced a noteworthy export directory and detailed market studies. Its investors' guide was marred by the structural constraints described above. PROMINEX was dismantled in 1992-93, when donor support to the organization terminated.

4.1.3 The One Stop Shop

In May 1995, the Government of Haiti held a symposium for local businessmen and U.S. businessmen, primarily from the Haitian Diaspora, on the country's economic and business climate. The objective of the symposium was to mobilize Haitian resources in-country and overseas to support the development efforts already underway. The symposium's participants pointed to the elevated costs of conducting business in Haiti due to the unnecessary complications, unreasonable demands, and excessive delays in what should be, according to the law, routine operations. The need to tighten and streamline procedures pointed to the utility of a single facility that could process much of the paperwork associated with doing business in Haiti, and also answer business inquiries.

In response to the symposium's proceedings, the Ministry of Commerce and Industry started the construction of a one stop shop close to the airport. While a praiseworthy initiative, this one stop shop is likely to suffer the same fate as PROMINEX. It is not an autonomous entity but is tied to one ministry. It is not likely to act as a centralized paper processing facility for the Government but rather as a welcome desk and become the first of many stops.

4.2 The Private Sector's Response

The private sector in Haiti is in a transitional phase, trying to overcome the setbacks suffered during the embargo and position itself for what could be--with the appropriate policies, regulations, infrastructure, financing and the like in place--a period of growth³. Most entities are grappling with capital, technical, and staffing constraints, while simultaneously trying to understand the impact of the macroeconomic environment on their operations. Businessmen are increasingly joining or becoming active members of associations and other private sector groups that act as fora for the exchange of ideas and, sometimes, as conduits for channeling proposals for reform to the Government. The Haitian business community relies extensively on oral communications and personal contacts for the transmission of information, and tends to be distrustful of one another and the Government. The increase in communal involvement is a positive sign for community-based activities in the future.

³ In the first half of 1995, the Government of Haiti, in collaboration with several multilateral institutions and bilateral donors, finalized the Emergency Economic Recovery Plan (EERP). The plan addressees the most pressing needs of the country in health, nutrition, sanitation and the rehabilitation of essential infrastructure. At the same time, work has started on a medium-term economic strategy which seeks to reverse GDP trends, lower inflation and strengthen the country's balance of payments position. Real GDP in 1995 is expected to grow between 3 and 5 percent, based on a rebound of public sector construction and private agricultural and manufacturing production.

4.2.1 The Needs of Private Firms in Haiti

The needs of private firms in Haiti are diverse. Many fall outside the scope of investment and export promotion and facilitation. For example:

- Domestically-oriented businesses need equipment financing and specialized expertise in-house.
- Export-oriented light manufacturing units require less expensive transport, ports, and utilities.
- Locally-oriented agribusinesses need cheaper inputs, better distribution, and improved infrastructure⁴.
- Export-oriented agribusinesses require timely, less expensive transport and cold storage at airport.

In addition, within many businesses maintain a "wait and see" attitude that curtails initiative and aggressive expansion. Most businesses are trying to re-establish the same level of operations they had three years ago, prior to the embargo, let alone attempting to generate incremental growth. For some firms, this means re-establishing ties to export markets⁵.

For the most part, the concerns of Haitian businessmen with respect to information and support services mirror those of foreign investors and importers. Agreement centers on the need to minimize bureaucracy, standardize--even publicize--procedures, and create an information clearing house providing timely, accurate information on local and overseas markets. In addition, agribusiness firms are interested in technical assistance focused on quality control, product development and better access to financing. Such firms are also often interested in a continuous overseas presence and not just trade shows and missions.

4.2.2 The Capacity of Business Associations and Other Private Organizations In Haiti

A number of private, non-profit organizations try to address the broad needs of the private sector. As of September 1995, the organizations providing business information and support services include fifteen business associations (of which one is dormant), three professional associations, five chamber of commerce (of which one is national, one is local and the others have international ties), one business/ management training institute and several groups dedicated to a particular cause that includes advocacy and information dissemination. (Refer to Appendix 1 for profiles of select organizations.) All these organizations (except for the training institute) are membership-based.

The large number of membership organizations reflect the inherent fragmentation of the business community in Haiti. Each organization has its own set of objectives and agenda, determined by the needs and interest of members. Both objectives and agendas tend to reflect sector, product or market-specific concerns, as illustrated by organizational names and the significant overlap among the memberships of organizations.

⁴ During 1991-94, agricultural output declined by an estimated 7 percent, initially because of poor weather conditions, and subsequently because of the embargo (notably, high input prices and inadequate supplies of energy causing irrigation problems).

⁵ During 1991-94, the export-oriented assembly industry virtually ceased, with the number of operational units dropping from about 145 in 1991 to less than 30 in 1994 and related employment falling from 40,000 to approximately 8,000. Other export-oriented manufacturing firms, particularly in the food and beverage industry, fared better and were able to orient their output to the domestic market.

Most organizations are fairly young. With two exceptions, they started operations in the 1980s when private sector became a bit more robust, with greater depth and breadth displayed in the activities undertaken⁶. Most organizations suffered setbacks (as did their members) during the embargo and are currently in the process of restaffing, finding office space, recruiting members and developing services. Interestingly enough, most organizations are planning to offer services along the same lines: general and sector-specific information, site visit support, government contacts, referrals and matchmaking. The final service array will be a function of budget, which at this juncture is uniformly small. Most organizations are fully dependent on membership dues and raise just enough funds to cover office leasing or rental costs; the salaries of an executive director and perhaps one or two assistants; and the costs of printing and mailing a newsletter, circular, or the like. None have the financial resources to sustain high quality, high volume response to trade and investment inquiries. None--with the exception perhaps of ABP (Association of Professional Bankers) and CLED (Center for Free Enterprise and Democracy)--have staff with qualifications and training to undertake systematic research and analysis. One is positioned to subcontract market and feasibility studies out to a local consulting firm.

Most organizations track changes in the macroeconomic environment. The larger ones are the most active in the arena of policy reform and support the policy dialog, but they all--except perhaps for CLED--reflect the interests of their membership which does not carry them beyond limited advocacy.

4.3 Conclusions

The following conclusions may be drawn.

- **Continued policy/regulatory reform is critical to improving the business climate.** Advocacy for specific policy initiatives is critical and must address both the theoretical and practical aspects of change, including public-private transactions at all levels of the Government. Important legal changes have been completed, are underway, or are planned. However, no clear guidelines for implementing existing laws appear to be in place. Regulations are still missing or inconsistently applied. Procedures have not been modernized to reflect laws, as is the case for example with customs for both in-bound and out-bound shipments. This fragmentation, lack of transparency and lack of coordination lead to confusion among investors and frustration among exporters.
- **The need for transparency is paramount.** The procedures, paperwork, costs/fees/taxes, and time needed for conducting business in Haiti must be defined, publicized, and followed by all levels of the bureaucracy. Discrepancies between the law/regulations and actual practice leave investors, exporters and importers disgruntled, and discourage new entrants. Bad press and "horror stories" can further reduce investor interest.
- **The need for information is high.** There is a need to collect and disseminate timely accurate information to businessmen. Little trade or investment data is prepared or presented to the public on a regular basis. Basic cost information is often difficult to access from the original or obvious source, and businessmen obtain this information through circuitous channels forged through personal contacts.

⁶ The notable exceptions are the Hotel and Tourism Association (AHTH) founded in 1956 and the Haitian Chamber of Commerce and Industry (CCIH) established in 1907 with the intent of being umbrella organizations focused on national issues.

Many investor guides circulate, containing information of varying quality and interest. This information gap is leading to the simultaneous development of information services by the private sector. Unfortunately, all these efforts are sectorally or otherwise skewed, under-staffed, under-funded, and unfocused and will be unable to provide information of the quality and quantity needed by decision-makers.

All this points to the need to establish a new organization or centralized facility, capable of undertaking information collection and dissemination, conducting basic research and analysis, facilitating investments and exports, and providing services in support of the facilitation process. The organization must be free from built-in bias or sectoral interests, capable of serving the entire business community, and consequentially should not be membership-based.

5.0 ESTABLISHING A NEW FACILITATION AND PROMOTION CENTER IN HAITI

This chapter presents a strategy for establishing a new organization in Haiti to help accelerate the growth of exports and investments for Haiti. The purpose of the new organization would be initially three-fold:

- develop and disseminate information on business conditions and opportunities
- keep decision-makers focused on the policy and regulatory changes needed to improve the business climate, and
- facilitate investments and exports.

A fourth role could be added to the organization if there are clear signs of continued Government commitment to policy and regulatory reform, namely that of proactive promotion or investment-generating marketing for Haiti.

5.1 Organizational Type

The new organization should be quasi-governmental, modeled on private sector efficiencies to better take care of promotion, while adequately linked to the Government to handle the facilitation role envisioned⁷.

The new organization should be autonomous, outside the sphere of civil service rules and practices. Bureaucracies tend to be rigid and maintain salary caps and others disincentives to initiative and innovation. The new organization, on the other hand, needs to attract and retain highly competent and motivated professional staff, with strong language skills, and an appreciation for private sector operating concerns. It also needs to be flexible, adaptive, and fully responsive to the changing environment in which it operates. These qualities are critical to effective promotion. In fact, the closer the organization parallels private sector businesses, the more effective its promotional efforts are likely to be.

In addition, the new organization needs the full confidence and backing of the Government in order to provide effective facilitation. It needs to have the cooperation of all entities concerned with investment and export matters, and must be supported by a government entity capable of surmounting the conflicting interests or agendas of ministries and other government agencies. As such, the new organization should not be affiliated with any single ministry but should report to the office of the Prime Minister, "le Chef du Gouvernement"⁸, the policy director and managing administrator of the Government.

Two other mechanisms could be added to ease facilitation and strengthen the link between the new organization and the Government. The new organization could include an investors' one stop shop, housing representatives from all the agencies with which investors need to deal, and it could also be tied to a customs one stop shop. While an investors' one stop shop may be premature given the current volume of investments in Haiti, it should be established well in advance of any "rush" of investors. An alternative to

⁷ Examples of quasi-government units worldwide include the Industrial Development Authority in Ireland, the Jamaican National Investment Promotion Agency, the Malaysian Industrial Development Authority, "Locate in Scotland", and the Singapore Economic Development Board.

⁸ Article 155 of the Constitution of Haiti.

establishing a one stop shop for streamlining investment-related paperwork would be the automatic granting of licenses and permits by all concerned Government entities as soon as the investment is approved.

Both mechanisms are natural offshoots of the coordinated system set up by the Government for reviewing investment applications. Coordinated decision-making begs for expedient follow-up and administration of paperwork to improve the business climate.

5.2 Organizational Structure

The new organization should be small, especially at first. With adequate support, a director and two to three counselors have been estimated to handle up to 600 contacts a year. In this case, the staff would number 8 or so professionals and no more than 2 secretaries.

The organizational structure itself should be simple. The structure proposed here reflects the need to overcome Haiti's poor reputation for having an intractable, corrupt bureaucracy. Promotion efforts should begin with facilitation and ancillary services, including information used to demystify the process of conducting business in Haiti. Additional promotional activities will be incorporated over time. The organizational structure depicted in Figure 1, therefore, does not place a great emphasis on promotion per se, but rather takes advantage of the natural tie between promotion and facilitation⁹. It consists of three units reporting to the office of the executive director :

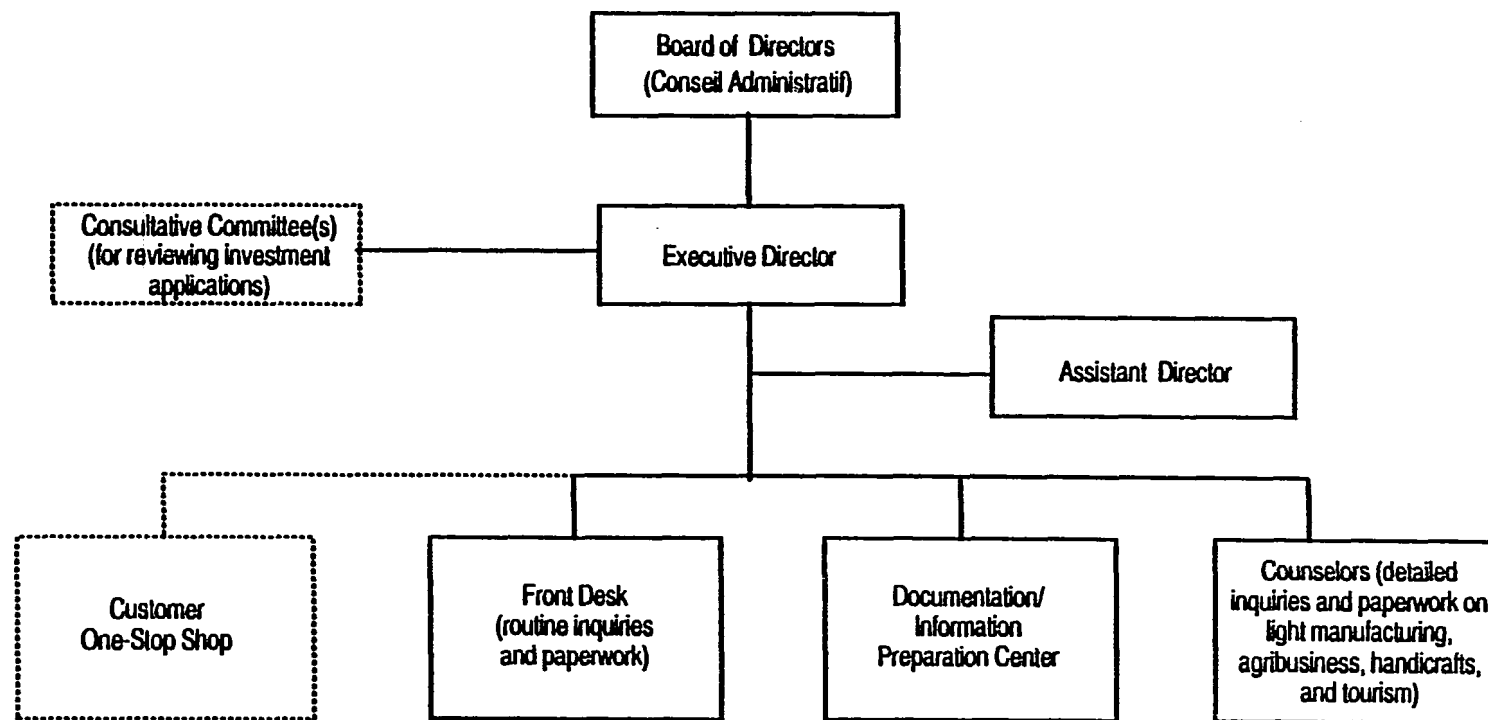
- the front desk, which would handle routine inquiries and paper work, maintain a library of directories and technical documents, and take care of mailings¹⁰; furthermore, a marketing/public relations specialist can be added later to the front desk to take care of press releases and design specific promotional tools or events such as advertising campaign and brochures. (These items would be contracted out for development as described below.);
- the counselors, who would handle detailed inquiries and paperwork, primarily on industrial lines¹¹, and as the organization embarks on proactive promotion, who would also be responsible for targeted marketing including preparing for trade shows. Until the establishment of an investors' one stop shop, the counselors would be responsible for assisting businessmen apply for and obtain approval, licenses, and permits; and

⁹ Both serve to attract investment and expedite exports.

¹⁰ Essentially, all first-time inquiries via phone, fax or mail would be channeled to the front desk. Routine ones would be handled directly; more complicated ones would be forwarded to the counselors. Counselors would be responsible for answering both the initial non-routine inquiry and any subsequent ones from the same company. In essence, counselors would maintain company and project files for which they are accountable.

¹¹ Counselors need to be organized by industry, in order to develop an appreciation for and an understanding of the needs of clients. Industry-specific knowledge generates the confidence of and is more useful to prospective exporter or investors, and, over time, generates economies of scale as the counselor handles greater numbers of inquiries over the same time period.

Organizational Chart



- the information/documentation preparation center which would be responsible for data collection, analysis and presentation¹². The center would maintain a database of key business and economic indicators. It would also have desk-top publishing capabilities so that it can produce and easily update brochures and pamphlets for distribution at the front desk.

An assistant director would also report to the executive director. The assistant director would be responsible for budgeting, personnel administration and sub-contracting, thereby allowing the executive director to concentrate on managing and coordinating the activities of the organization and liaise as necessary with government and private entities. The executive director would work with the local business community towards common policy goals and would undertake meaningful policy advocacy with both the executive and legislative branches of the Government of Haiti on all issues related to investment/trade promotion and facilitation.

The executive director would report to a board of directors (or conseil administratif). The board should be mixed, with the majority and the chair held by the private sector. This formula was used for the first time with the Presidential Commission.

The executive director should also be a member of the existing Consultative Committees, in place for reviewing investment applications and highlighting necessary changes in investment promotion¹³. The executive director could be a non-voting member in the case of reviews and a voting participant in the generation of recommendations. Ultimately, both Committees could be folded into one, and the remaining Committee could act as the conduit between the center and concerned ministries regarding promotion strategies and techniques¹⁴.

5.3 Service Array

The services offered by the new organization would be a function of its purpose.

¹² This unit will have most of the work during the early stage of the organization's life, for other staff members cannot operate with information. Counselors will be expected to participate in the initial data collection and analysis. This research should be organized as much as possible along industry lines so that each counselor develops first hand knowledge--or deepen his/her base of knowledge--of the industry for which he/she will field questions, assist with paperwork and the like.

¹³ Article 36 of the Haitian Industrial Incentive Investment Code creates two bodies, a Consultative Committee and an Inter ministerial Consultative Commission, for reviewing investment applications. The first deals only with applications for export-oriented ventures; and the second covers all other applications.

¹⁴ In this context, it should be noted that Government support for the new organization in effect signals its commitment to overt investment promotion and all the measures necessary for generating investment. Investment promotion itself is largely market-driven. Most countries engage in investment promotion and investment generation is highly competitive--the focal point being the edge a given country has over the others. Proven promotion techniques are fairly standard, with accurate information and targeted marketing being key. The only true variables are whether government officials (such as the Prime Minister) wish to participate in the overseas marketing efforts and the timing of such efforts.

5.3.1 Policy and Regulatory Change

In the area of policy and regulatory improvement, the organization should support the policy dialog initiated by non-profit, non-government organizations and provide factual briefs of problems systematically encountered by businessmen while trying to invest in or export from Haiti. These briefs should be accompanied by recommendations for streamlining procedures and could be submitted to the office of the Prime Minister with copies to the Consultative Committees. In addition, the executive director needs to actively liaise with private local groups to stay abreast with their concerns and observations, inform them of investment missions and trade show events, and the like.

5.3.2 Promotion

With respect to promotion, the new organization needs to confine itself initially to a passive mode, responding promptly to the requests for information of investors and exporters. After a year or so, when the organization's information systems and operating procedures are in place, the organization can embark on increasingly pro-active promotion, designed to call attention to the positive changes in the Haitian business climate. A full-scale, image-building advertising campaign should not occur until Haiti is ready (i.e., essential infrastructure is in place, port charges are competitive, and the like). During the interim phase, the organization can work on developing a trade show presence and liaising with the press on selective issues. All promotional efforts should focus on areas where Haiti has a current or potential competitive edge. Its past edge was the cost of labor, which attracted apparel and electronic concerns. Low labor costs is still the edge today. "Product sharing" production arrangements--with labor-intensive work being done in Haiti and product finishing being done elsewhere--could be the edge of the future.¹⁵

In summary, the organization's promotional efforts should consist of:

- printed information on Haiti, both general and sector- or product-specific, including sector profiles, investor guides, export directories and the like
- printed information on select international markets, including prices, quotas, quality control standards and procedures
- handbooks or motivational literature (i.e., a "how to" series, covering how to meet the regulatory requirements of Haiti, how to start an export concern in Haiti and the like)
- question and answer via phone, fax, or mail
- support to investor missions and trade fair participants, as well as attendance at local and overseas trade shows
- buyer contacts for exporters
- increasingly pro-active public relations

It should be noted that, when the organization becomes fully pro-active, it will require a few products beyond the basic information packages and materials listed above, notably videos, four-color posters, articles for placement in select magazines or journals, and the like. These items tend to be highly specialized with one time-development costs, and their production should be contracted out to individuals or firms with the requisite skills. The organization should still retain control over their development by being involved in their design through the drafting of precise terms of reference for the job.

¹⁵ Whenever pricing is the critical factor, export-oriented investment tends to predominate.

It is also necessary to note that the organization's export promotion is limited to general information on market conditions and referrals on buyers. The organization is not expected to embark on a full range of services for local businesses, or address the supply side issues of export development, owing to the sizable funding and diverse skills these activities entail. While the organization could start subcontracting such activities, their size and scope suggest the establishment of another entity whose work would compliment that of the new organization.

5.3.3 Facilitation

Regarding facilitation, the new organization needs to administer the paperwork of the Consultative Committees and see that the subsequent issuance of permits and licenses is timely. The organization also needs to oversee the establishment of a customs one stop shop, as well as the speed and predictability of shop operations. Other related services include:

- site visit support
- government contacts, including setting up appointments with government agencies
- referrals for businesses to appropriate legal, accounting, recruitment and credit services
- limited post-investment troubleshooting

Overall, the organization's emphasis on will be on standardized services, featuring highly personalized contacts with investors and exporters. Aside from assistance with site visits and buyer contacts, the organization will not provide tailored or customized services. Customized services could be provided by local business associations, which, with their existing business networks, are positioned to assist with: matchmaking for joint ventures and supply contracts; mentoring; feasibility studies; and similar services.

5.4 Staffing

The organization's staff (outside of the one stop shops) should be from the private sector to take advantage of the efficiencies derived in operating in a market-driven environment. Qualified individuals from the public sector could also be considered as long as they have proven skills in the requisite areas. Hiring methods would consists of essentially one of two alternatives:

- competitive screening of individuals for specific positions within the organization, based on the individual's education, work experience, computer and language skills and the like; and
- competitive screening of bids from private entities or consortiums for managing the organization's operations, based on the combined qualifications and track-records of the consortium.

Contracts may be to individuals (i.e., individual contracts) or to one or more firms (i.e., management contracts). The theoretical advantage of the management contract is the shorter start-up period the new organization would have to face, owing to the built-in systems and procedures brought by the firm or consortium of firms. On the other hand, as documented in Appendix A, private associations in Haiti are in the process of developing such mechanisms and no significant efficiencies would accrue from using a management contract over individuals ones. In fact the nascent state of services, combined with the sectoral slant of most associations, suggests the use of individual contracts.

Contracts are preferred over permanent job offers to encourage dynamic, productive performance

among staff. Contracts should be fixed at 2 to 3 years, with the possibility of extensions in the case of good performance. Most contracts will be automatically renewed, if the hiring is done properly, thereby providing the necessary degree of continuity within the organization.

Developing job descriptions, screening and hiring individuals to staff the organization will be a straight forward process, as long as the first two activities are undertaken by people with adequate experience in the field of promotion and facilitation. External technical assistance is highly recommended for these tasks. The position of executive director, however, needs to be filled by someone with stature, respected by both the private and public sectors, and familiar with the content and flow of promotion and facilitation efforts. This suggests a selection process conducted by Haitians, and the best alternative would be a short-list of possible candidates compiled by the private sector for review by the public sector. The presidents of the business associations and representatives of concerned ministries and government entities could be invited to participate in the two-phase selection process.

5.5 Financing

The new organizations funding requirements are expected to be high during the initial year, decline during the next two to four years of reactive promotion, and increase thereafter as promotion becomes increasingly proactive with targeted, overseas marketing trips.

Funding to cover the start-up of the organization should come from a variety of sources:

- Government support should in the form of office space and possibly staff salaries and/or routine operating expenses
- International donor support should cover the procurement of equipment, including powerful computers, laser printers, high speed photocopier with collating capabilities, facsimile machine and a direct phone line to the U.S. Donor support could also cover the cost of in-house training provided by external experts, such as active promoters¹⁶.

Funding for subsequent phases of the organization's life should likewise be supplied by a mix of sources. Since the organization will provide what is perceived as a "public good," it will never be fully self-financing but it can develop a few revenue generating activities to complement public and private contributions. The Government of Haiti would continue to support the salary and routine operating expenses of the organization. Local and foreign private groups could be tapped for grants or endowments. Donors could finance the cost of specific public relation products or activities, such as the development of videos, placement of product- or industry-specific articles, attendance at overseas trade show, and overseas marketing trips. And the new organization could charge fees for select services like providing market information and buyer contacts.

¹⁶ Training should be in-house to prevent dispersion of concentrated human resources.

6.0 MEASURES FOR ENSURING SUCCESS

A certain number of steps are key to ensuring the success of the new promotion/facilitation center.

First and foremost, there must be substantial consensus, accompanied with tangible support from both public and private sectors for the center even prior to its establishment. This support can be provided in the form of monetary contributions as well as agreement that the center would be the first contact investors and exporters should have in Haiti.

Second, the center's service array must be well-defined and well-publicized even prior to the center's operations to avoid any misunderstanding or confusion as to the center's objective or intended user or client base. This is particularly important in preventing a rift in relations with sectors or sub-sectors in the private sector.

Third, the center should adopt a reactive, primarily facilitative mode at first. Advertising before true reform has occurred is likely to be counterproductive. Such promotion tends to heighten expectations and led to greater frustration if they are not met. Reform would have to address at a minimum the bureaucratic procedures faced by businessmen. Some partial promotion could commence after such changes, but fully active promotion focused on building Haiti's image should not start until the "country product" is ready. When started, active promotion should also be targeted and sector or even sub-sector specific. Possible focal points include light manufacturing, agribusiness, handicrafts and tourism.

Fourth, the center should subcontract the development of specific promotional products and detailed studies to be used by the Center. Subcontracting serves two purposes. It permits the center to limit the size of its technical staff, without affecting product development. And it ensures (as long as the preselection screening is done properly) complicated, specialized work being done within set budget and time parameters.

Fifth, the center must adopt and maintain a team orientation to its structure and operations. Staff should be hired for well defined jobs, but report to the Executive Director and not a department head. The Executive Director would be responsible for coordinating the work of the center so that it provides timely, seamless services in a flexible manner. Brief weekly or bi-weekly meetings convened by the Executive Director with the entire staff to discuss issues and problems would prevent a bottleneck in communications. This approach would prevent the development of a hierarchy and considerable delegation of work from the top down--two patterns that would have to be avoided given the staff's small size. The center's staff would work as a team towards a clear, common goal. At the same time, each staff person would be responsible for certain products, tasks, or files as defined in his or her job description. A certain "esprit de corps" should be installed into the staff by the Executive Director, as the center would occupy a highly visible position and play an important role in Haiti.

22

APPENDIX A
PROFILES OF SELECT PRIVATE ORGANIZATIONS

A.1 Association Hoteliere et Touristique d'Haiti (AHTH)

AHTH was established in 1956 with the goal of promoting tourism "by any means". Membership is open to all in the industry and currently includes 40 hotels, tour operators, car rental agencies, art galleries and restaurants. AHTH's charter calls for providing advice and information to its membership as well as launching seminars, monitoring quality, generating greater public awareness, lobbying, mediation, and participating in trade shows on behalf of industry participants. AHTH's primary focus at the current time is to create an appropriate policy and regulatory environment for tourism--one that will channel investments into industry infrastructure and eventually generate tourism. To this end, AHTH has been working very closely with UNDP on the development of tourism master plan covering infrastructure, zoning, training and other such issues¹⁷. AHTH has also been instrumental in obtaining tax exemptions from the Ministry of Finance for the renovation and expansion of existing hotels, and it is lobbying for a new code that sets forth incentives for investing in tourism.

AHTH's president is conscious of the growing role private entities are playing in Haiti's development and regularly represents the association at meetings with other local private groups, foreign investor missions (especially those focused on tourism), local government officials and ministers. AHTH exhorts its members be active participants in the association in order to collectively effect the direction of tourism in Haiti. AHTH favors the development of niche markets and smaller, independent resorts or hotel facilities.

AHTH would like to demonstrate the impact of tourism development on economic growth, and recently hired an economist full-time to produce monthly assessments of conditions in the industry. Unfortunately, owing to low funding levels, the economist has been dedicated to assisting with membership drive focused on all industry participants. To-date, no research or analysis has been completed.

AHTH is interested in unifying the efforts of all the associations related to tourism. To accomplish this, it would like to absorb the many smaller ancillary associations (e.g., the association of travel agents), but, at the same time, give them a voice within AHTH through the establishment of sub-committees, each representing a different facet of the industry.

In the past, AHTH provided to its membership training in hotel management, mostly targeted to service employees. This training was made possible with funding from USAID. AHTH would like to resume training services, but this time, it would like to concentrate on supervisory functions, specifically, and professional development services, generally.

Ninety percent of AHTH's funding is from monthly membership dues. The remaining funds are derived from the sale of publications, which at this time consists of maps. The production costs of the maps was covered by advertising showing up on their borders.

Low funding levels have curtailed the growth of AHTH's staff, services, publications, and office arrangements. There is currently only one full-time staff person at AHTH (the economist). In addition, the position of Executive Director has been vacant since the fall of 1994, and the President shares the

¹⁷ This collaboration is a natural follow-on to the industry-oriented "Action Plan" and "Aims and Objectives" produced by AHTH in 1990.

administrative duties of the association with the economist¹⁸. Though AHTH is actively lobbying for new policies and plans to support the policy dialog with analysis, it is not offering most of the services highlighted in its charter (aside from circulating information and participating trade shows/international forums on tourism). AHTH also no longer produces posters or guides. Lastly, office space is constrained and lacks adequate furniture and equipment.

A.2 Association des Industries d'Haiti (ADHI)

ADHI was founded in 1980 to "promote the social and economic progress of Haiti" and analyze continuously the country's business climate and pertinent socio-economic issues. ADHI considers itself to be "partner that assists the private sector" and seeks to lay the foundation for dynamic industrial growth.

As of May 1995, ADHI's membership consisted of 80 companies involved in assembly (45 percent), non-assembly manufacturing and handicraft production (25 percent), agribusiness (3 percent), consulting, (3 percent), banking (6 percent), transport (7 percent) and other activities (11 percent). Approximately half of the members were entirely or partially export-oriented.

ADHI is currently re-assessing its array of business services. Traditionally, ADHI focused on removing constraints to business development and expansion at two levels: the macro and the micro. At the micro-level, ADHI responded to membership requests for general business information; specific market information; trade and trade show information; government contacts/assistance with government approvals, permits, and licenses; and match making between companies. At the macro-level, ADHI developed and maintained databases of indicators and statistics. During the embargo and the subsequent transitional phase, ADHI's services as a broker of practical business information and contacts declined as demand fell. However, ADHI continued to track political, economic, legal and regulatory developments and share this knowledge with its membership through seminars, debates and conferences designed to underscore important procedural and structural changes. Over the years, ADHI has addressed such issues as minimum wage, labor code and foreign exchange. It more recently lobbied for more regular supplies of electricity to the industrial zone and elimination of inspections for exports. It is currently engaged in the current debate on privatization.

ADHI is in the process of surveying the interest and needs of its membership to determine the scope of future services. Such services are likely to be down-scale versions of those offered in the past, plus site visit support, business center services, and access to external sources of information through Internet: in essence, practical services for companies ready to initiate or expand operations. Interestingly enough, in-depth economic research and market studies have traditionally been contracted out and are not priorities for ADHI, as members are perceived as being poorly equipped to handle this type of information.

ADHI produces several documents, including a "Lettre Circulaire" and a "Bulletin d'Opportunités d'Investissements." The letter highlights changes in the Haitian business environment sought by ADHI, and advertises local seminars, changes in ADHI's membership or activities, and the like. The bulletin announces the contact information for international trade shows, events and publications that may be of interest to ADHI's membership.

¹⁸ AHTH's President is a hotel owner and holds a degree in hotel management.

ADHI has a staffer devoted to public relations and plans are underway to produce a monthly newsletter. A list of members (indicating company name, contact information, sub-sector, and markets) may be purchased at a nominal price. Other publications may be developed in response to survey results. In a marked departure from the past, all such publications will be sold.

ADHI is wholly dependent on membership fees, which include a one-time sign-up fee and subsequently monthly charges. It has a staff of two professionals and three support personnel, and recently engaged an intern. The executive director's formal education has focused on political science. Its offices consist of one large room with dividers for the office of the Executive Directive and a large meeting room.

A.3 Association Interamericaine des Hommes d'Affaires (AIHE)

AIHE was started in 1979 by a group of businessmen interested in promoting free enterprise and exchanging business ideas and information with counterparts elsewhere in Caribbean and the Americas. AIHE is part of the much larger Association Inter-Americana de Hombres de Empresa, and it now has a good rapport with the member organizations or chapters in the Dominican Republic, Puerto Rico, and Florida.

AIHE is in the process of actively recruiting new members, and has brought its total membership to 46. Businessmen join mainly to broaden the geographic reach of their advertising. The annual membership directory is considered to be an important tool for identifying expertise in overseas markets. This directory covers the membership of all the chapters of the Association Inter-Americana de Hombres de Empresa. AIHE is moving to a more formalized structure, with an annual budget, executive director, permanent office space and array of business support services¹⁹. At the current time, AIHE principally offers access to overseas databases via internet.

A.4 Association des Producteurs Agricoles (APA)

APA was founded in 1985 to increase agricultural production and strengthen agribusiness in Haiti. Its initial membership consisted of large agribusiness, but in 1986, APA actively sought small, independent producers to become part of its forum. Though currently dormant largely owing to the embargo, APA--at its height--represented over 4,000 farmers, livestock producers, and agribusiness processors.

When active, APA provided business services to its members, and did not enter into policy formulation or lobbying. Most services were for the small agricultural producer and were quite diverse, including, for example, advice on quality control and competitive pricing, bulk purchases of agricultural inputs to lower per unit prices for members, and the establishment of loan guarantee fund. The last venture was not particularly successful. With donor support, APA also subcontracted demonstration projects and feasibility studies, conducted agricultural research and extension, and developed a database of statistics. This information, to the extent it is still relevant, would be made available to the proposed investment/export promotion center.

¹⁹ AIHE's President is a chartered accountant.

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The leadership of APA, principally its 11-member Board of Directors, is currently contemplating ways of re-activating the association²⁰. But the association is likely to remain dormant for a couple more years till the smaller producers can generate enough income to pay membership dues.

A.5 Association des Producteurs Nationaux (APRONA)

APRONA was founded in 1988 to represent in the political arena companies producing principally for the domestic market. Its primary function is to promote and safeguard national production through better quality control, appropriate fiscal incentives, and lower circulation of contraband products.

APRONA's membership covers 36 firms involved in a wide gamut of activities, including paints, steel, rope, household products and beverages. Some of the larger firms are exporters but many such members stopped selling overseas during the embargo.

APRONA's services are limited by extremely low funding levels. It does not produce any publications, undertake research, or retain permanent staff. Requests for assistance from its membership tend to concentrate on specific problems and reflect a short-term perspective. Current local business concerns tend to focus on resolving problems with technical staffing and equipment procurement in order to respond better to the strong local demand--pent-up during the embargo. APRONA's president plans on surveying members to better assess the array of current needs but predicts that the prevailing "wait and see attitude" regarding political developments will curtail major expansion well into the next year. Procurements of equipment tend to replace old machinery.

A.6 Association Professionnelle des Banques (APB)

APB was founded in 1982 to promote the banking industry, safeguard consumer rights, encourage savings and investments, and, most importantly, provide reliable statistical information. Its current thrust is research and analysis, nurtured from the success of assisting with the White Paper, a review of national economic policies in 1990-91. Recently, APB started to produce (in close consultation with the central bank) a weekly report on the reserves of the Haitian banking system. It also negotiated a new tax structure on bank commissions with the Ministry of Finance. It is currently discussing with IDB the parameter of two studies: one on the modernization of the local banking system and the other on the development of capital markets.

APB's membership currently numbers 13 financial institutions--3 foreign commercial banks, 7 local commercial banks, 2 mortgage banks, and 1 development bank. Two other institutions--a foundation and a commercial bank--are likely to join APB in the near future. APB is planning to systematically inventory the specific needs of banks in order to develop a work agenda. Presently, most of APB's activities are delineated by its Conseil d'Administration.

APB plans to produce a monthly newsletter covering global and local developments in the banking industry, and, funds permitting, could embark on detailed studies. It would like to negotiate funds from an international donor for subcontracting studies. At the current time, APB's funds are purely derived from membership dues.

²⁰ APA's President owns agribusiness and agricultural/construction equipment concerns.

APB occupies a suite in a business complex on Route de Delmas. Its executive director holds a degree in economics.

A.7 Chambre de Commerce et de l'Industrie Haitienne-Amercaine (HAMCHAM)

HAMCHAM was started in 1980 to maintain and develop business and cultural ties between the United States and Haiti. As HAMCHAM's activities were suspended between 1985 and 1994, its operations recommenced in earnest in March 1995, with the hiring of an Executive Director and the selection of office space on the Route de Delmas. HAMCHAM's membership is growing very quickly and currently numbers 70 companies involved in business services, banking, light manufacturing, and travel. Two of its members are American.

HAMCHAM has initiated an exchange of information with the U.S. Chamber of Commerce, the greater Miami Chamber and the Haitian consulate in Chicago, and will seek to initiate similar activities with other entities in the U.S. without necessarily formalizing the relationship.

HAMCHAM currently provides general business information, referrals and matching-making services on a limited basis. It also holds directories and other useful publications for in-house consultation, produces a monthly newsletter (covering local and international events), arranges seminars and luncheons around topical subjects (such as privatization), and participates in events drawn up for U.S. investor missions. Its Executive Director is presently preparing a work plan to provide more focus to future activities. Needs among its membership include access to technical know-how, training, pricing and competitive cost analysis, and accurate information on transportation, port charges and the like.

HAMCHAM is completely dependent on membership dues, which are adequate to support two full-time employees (i.e. Executive Director and secretary) and a spacious office suite. HAMCHAM is currently interested in but unable to initiate research or access overseas databases through internet.

A.8 Chambre de Commerce et d'Industrie d'Haiti (CCIH)

CCIH was founded in 1907 to promote commerce and industry with an emphasis on international trade. CCIH is a member of the International Chamber of Commerce based in Paris and has protocols with the Chambers of Versailles (dating from 1989-90) and Bordeaux (as of this year). Its members currently number between 200 and 250, constituting the broadest base of any private group.

CCIH upholds its mandate by lobbying for an enabling regulatory environment and providing information services. Such services include information on the local business climate, referrals, matchmaking and advertising, all on a limited basis. CHI recently embarked on a program for improving its inquiry response rate, and, in addition to having a staff member dedicated full-time to handling general questions, has approached international organizations for accessing relevant technical assistance. CCIH would also like to hire an economist to analyze business trends, market conditions, and the like. However, low funding levels are curtailing CCIH's activities, both initiated and planned. For instance, CCIH has suspended its weekly and monthly publications and is unable to devote funds to new initiatives, like the establishment of a federation of Haitian chambers of commerce with one in each major city in the country. CCIH would also like to hire a database operator in October to support a regular exchange of information with the chamber of commerce in Cape Haitian and other entities.

CCIH's funding is derived from three sources: membership dues, private donations, and services such as the registration of trade marks, the registration of companies and the provision of select information. Current funding levels support an executive director, information counselor, secretary, cashier and accountant.

A.9 Chambre Franco-Haitienne de Commerce et d'Industrie (CFHCI)

CFHCI was established in 1989 to "promote, facilitate and development economic relations between France and Haiti and to study all the problems that this might entail". Specific tools for achieving this mission, as highlighted in CFHCI's charter, include: exchange of information--both general and specific--as well as extensive public relations and mediation. CFHCI's executive director characterizes CFHCI's current operational thrust as "promotion".

As of mid-September 1995, CFHCI has 80 members and is in the midst of undertaking an active membership drive focused on Haitian firms with an interest in France or French firms active in Haiti. The majority of its members are firms that import or undertake civil works. Very few companies are involved in assembly or light manufacturing.

CFCHI provides a range of informational and brokering services designed to encourage business transactions in Haiti. All such services are offered at a cost. In order of demand, these services consist of referrals (or lists of local importers, distributors, exporters and manufacturers); match-making (or matching buyers/sellers, producers/distributors and the like based on detailed product descriptions); basic business services (such as secretarial, facsimile, etcetera); sub-sector fact sheets; preliminary market studies; detailed market studies; and business start-up plans. All market research and analysis is subcontracted out to Haitian consulting firms. Information on local businesses and business opportunities is not yet computerized, though CFCHI has access, at a cost, to the databases of UCCIFE for information about France.

Through UCCIFE, CFCHI is tied into the network of French Chambers of Commerce, and it acts on behalf of the French Embassy's commercial attache, who is based in Kingston with responsibility for Jamaica, the Dominican Republic and Haiti. This latter role effectively secured the established of CFCHI. During the initial year of operation, prior to adequate growth in membership, the Government of France subsidized CFCHI's operations.

CFCHI's range of activities, particularly in the area of publications, is currently circumscribed by the size of its budget. CFCHI currently produces a monthly newsletter for members and is preparing for the development of an annual magazine. Much of the design and development work will be contracted out. At the current time, CFCHI's permanent staff is limited to an executive director and a secretary.

To attract new members, stimulate greater discussion about various public policy and economic issues, and raise funds, CFCHI organizes lunches and seminars. A good event will attract upwards of 40 people; average events involve 25 participants. The next event will be a debate on privatization.

CFCHI's funding is derived from, in order of magnitude, membership dues, fees from services rendered to members and non-members and financial support from UCCIFE.

In addition to financial support, UCCIFE provides CFCHI executive staff with operational guidelines.

--A-7--

periodic training and direct exposure to the concerns and ideas of member chambers via UCCIFE's annual meetings, held in Paris. CFCHI retains complete autonomy, however, in how it chooses to use this information. CFCHI appears to be seriously thinking about broadening its outreach and covering all of Europe, not just France. Towards this end, CFCHI recently developed a working relationship with a Haitian consulting/research firm that has undertaken work for European clients.

CFHCI is located in an office suite at the Holiday Inn, consisting of a very nice reception/administrative area and the office of the Executive Director.